

Message Text

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FM AMEMBASSY VIENTIANE

TO AMEMBASSY LONDON

INFO SECSTATE WASHDC 1287

C O N F I D E N T I A L VIENTIANE 8048

E.O. 11652: GDS

TAGS: EFIN, ECON, LA

SUBJ: ARAB OIL MONEY FOR LAOS

REF: VIENTIANE 6330 (NOTAL)

1. TWO YOUNG ENTERPRISING LAO, DECHO SITHRASARIPUTRA, DIRECTOR GENERAL OF COMMERCIAL DEVELOPMENT BANK, AND PANYA SOUVANNA PHOUMA, DIRECTOR GENERAL OF ROYAL AIR LAOS, LATTER SON OF PRIME MINISTER AND MARRIED TO DECHO'S SISTER, GOING TO LONDON TO PURPORTEDLY PARTICIPATE IN PLACING \$200 MILLION ARAB OIL MONEY THROUGH LONDON FINANCIAL MARKET WITH WEST GERMAN BANKING INTERESTS. AS PREVIOUSLY REPORTED, SIMILAR OIL DOLLARS BONANZA SURFACED LAOS SOME MONTHS AGO ONLY AT THAT TIME SUPPOSEDLY SOUTH KOREAN, HONG KONG AND SINGAPOREAN INTERESTS WERE INVOLVED AND AFFAIR COLLAPSED.

2. SCHEME PROPOSED NOW TO BE NEGOTIATED IN LONDON, OUR YOUNG LAO TO BE PARTICIPATING ON A FINDERS BASIS AS FOLLOWS:

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A. REPRESENTATIVE OF ARAB OIL INTERESTS WILL MAKE

AVAILABLE \$200 MILLION AT 6-7/8 PERCENT COMPOUNDED INTEREST FOR PERIOD OF 20 YEARS TO BE REPAYED IN TOTALITY AT END THIS PERIOD. LOAN TO BE GUARANTEED BY NOTES OF RESPECTABLE BANKING INSTITUTIONS. FUNDS THUS AVAILABLE WOULD BE LOANED TO WEST GERMANY BANKING INTERESTS AT 8 PERCENT FOR SIMILAR 20-YEAR PERIOD, E.G. \$175 MILLION WOULD BE MADE AVAILABLE TO KNOWN GERMAN BANKING INSTITUTION AND PARTICIPANTS IN THIS TRANSACTION WOULD REALIZE IMMEDIATE PROFIT OF \$25 MILLION TO BE SHARED BY GROUP ARRANGING THIS DEAL.

3. WE UNDERSTAND GROUP CONSISTS OF THE TWO AFOREMENTIONED LAO, DAVID GARRARD OF GARRARD-SMITH ASSOCIATES/LONDON AND FRENCH LAW FIRM REPRESENTING DECHO AND PANYA SOUVANNA PHOUMA. LATTER TWO EXPECT TO MAKE ABOUT \$6 MILLION OUT OF THIS DEAL.

4. INFORMATION OBTAINED WAS GIVEN BY REASONABLY RELIABLE AMERICAN BUSINESSMAN WORKING CLOSELY WITH RAL WHO, AS DO WE, CONSIDER THE AFOREMENTIONED TRANSACTION AS HIGHLY DOUBTFUL IF NOT FANTASTIC. WITH MONEY MARKETS NOW BEING INUNDATED BY ARAB PETRO DOLLARS, IT CANNOT BE RULED AS OUT OF HAND, HOWEVER, THAT AN ARRANGEMENT OF THIS KIND AS FANTASTIC AS IT MIGHT SOUND COULD BE ORGANIZED AND CONSUMMATED. GIVEN AMOUNT OF MONIES INVOLVED, WOULD APPRECIATE IF EMBASSY LONDON THROUGH ITS MANY SOURCES COULD DISCREETLY FIND OUT THE BONA FIDE OF DAVID GARRARD OF GARRARD-SMITH ASSOCIATES AND ADVISE US IF THERE IS SUBSTANCE TO THE FINANCIAL TRANSACTION OUTLINED ABOVE OR WHETHER DECHO AND PANYA SIMPLY FOUND GOOD EXCUSE TO TRAVEL TO LONDON.
CHAPMAN

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